



Los Angeles County AUDIT COMMITTEE

Louisa Ollague, Chair
1st District
Lori Glasgow, Vice-Chair
5th District
Dorinne Jordan
2nd District
Genie Chough
3rd District
Carl Gallucci
4th District

MINUTES

February 18, 2010

Chair Louisa Ollague called the meeting to order at 10:35 a.m. in Conference Room 525, Kenneth Hahn Hall of Administration.

Committee Members Present

Louisa Ollague, Vice Chair, First District
Dorinne Jordan, Second District
Genie Chough, Third District
Lori Glasgow, Fifth District

APPROVAL OF JANUARY 21, 2010 MINUTES

On motion of Dorinne Jordan seconded by Genie Chough and unanimously carried, the minutes of January 21, 2010 were approved with the following correction:

On page two, first bullet should read ...Los Angeles ~~Gary~~ Gay and Lesbian....

OLD BUSINESS

On motion of Dorinne Jordan, seconded by Genie Chough and unanimously carried, the Committee received and filed the following reports:

- Review of Board Delegated Authority 20.200 - Golf Greens Fees (06/23/98)

Parks and Recreation offers only two annual events at a 50 percent discount reported Jorge Badel, Senior Golf Director. Each event at the discounted rate realizes additional revenue.

- Review of Board Policy No. 3.020 – Clean Fuel Program (1/5/10)

Marie Nunez, Internal Services Department, provided a revised policy to generalize the types of clean energy vehicles the county may obtain.

- Hub Cities Consortium Contract Review – A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2007-08 (12/03/09)

Jackie Sakane, Compliance Division, Department of Community & Senior Services, noted that on February 4, 2010 a corrective action plan was received along with a \$50,000 payment on the \$399,641 outstanding. The balance will be determined after review of documentation to qualify expenditures. A final letter will be submitted with final figures by March 4, 2010. To prevent repeat contractor

violations the following procedures are followed: The first year CSS accepts the corrective action plan at face value; and within a few months of the second year an audit is conducted to determine repeat violations; if this is determined payment is suspended until agency compliance. Ms. Sakane will forward to the Committee an existing contract and the revisions; contracts reference sanction authority and non-compliance sanction protocols.

County Counsel is considering how to proceed with contractors that are delinquent in obtaining fingerprint checks and clearances from the Department of Justice.

Margaret Quinn, Administrative Services Branch, Department of Community & Senior Services, advised that before a new contract is awarded every single contractor must resolve all discrepancies. Last year, \$2 million was received through this process.

Don Chadwick, Countywide Contract Monitoring Division, Auditor-Controller, reported his department and CSS meet with several contractors for feedback; contractors do consider some of the areas in the contract gray/not clearly stated. It may take explaining specifically what is required to produce better/quality outcomes for next year.

(Lori Glasgow joined the meeting.)

- Catholic Charities of Los Angeles, Inc. Contract Review - A Community and Senior Services Workforce Investment Act Program Provider - Fiscal Year 2008-09 (12/14/09)

Ms. Sakane reported that the corrective action plan response is due on February 19, 2010 followed by a meeting to review the new policy with emphasis on discontinuing the repeat violations. However, due process is essential in order to proceed with a suspension.

- City of Compton - Compton Careerlink Contract Review - A Community and Senior Services Workforce Investment Act Program Provider - Fiscal Year 2008-09 (12/14/09)

Ms. Sakane reported the corrective action plan response is due on February 25, 2010. Compton Careerlink historically pays back the stated amount due without issuing a corrective action plan. The adult and dislocated worker contract expires on March 31, 2010.

Mr. Chadwick advised that the 37 deficiencies was a financial audit. The 2009-10 audit will determine whether the deficiencies have been addressed.

- Chicana Service Action Center, Inc. Contract Review - A Community and Senior Services Workforce Investment Act Program Provider - Fiscal Year 2008-09 (12/29/09)

Ms. Quinn reported that the Chicana Services Action Center will be closing. In response to Ms. Ollague, Ms. Sakane noted that the Workforce Investment Board is very outcome driven and has standards that contractors need to reach to attain required goals.

Ms. Ollague requested a CSS memo indicating the modifications to their contract. Ms. Glasgow suggested that the new multi-pronged strategy on corrective action be discussed at the Cluster meeting. Also, Ms. Jordan requested a six month follow-up to review outcomes at a future cluster meeting.

On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee continued the following items to its March 18, 2010 Audit Committee Meeting:

- Proposed County Vehicle Policy – Revised (11/10/09)

In response to Ms. Glasgow, Maria Oms reported that although the county has a new governance structure the Audit Committee is the consulting body for county policy. Following discussion, it was suggested that a speaker on this issue could clarify this concern.

- Reminder to Review Board Policy No. 9.110 Sunset Review Date (E Verify) (10/10/08)
- Proposed Policy on Retention of Contractor Employees for Security Service Contracts (08/28/09)

Frank Cheng, Chief Executive Office, advised that the only changes are on the last page of the policy. The Committee requested further clarification by separating the description of a breach of contract, and retaining the “except for cause” clause.

- Review of Board Policy No. 5.070 – Multi-Year Services Contract Cost of Living Adjustments (04/01/97)

REPORTS TO BE RECEIVED AND FILED

On motion of Lori Glasgow, seconded by Dorinne Jordan and unanimously carried, the Committee received and filed the following reports:

- Status Report - Child Fatality Investigation (Board Agenda Item 4, August 18, 2009) (1/27/10)
- Proposition A Contract Amendment – Department of Public Social Services – General Relief Employability Screening Services (Board Agenda Item #10 – (2/2/10)
- Los Angeles Unified School District Contract Review - A Department of Public Social Services General Relief Opportunities for Work Program Provider (2/2/10)
- Department of Health Services’ Community Health Plan Financial Audit for Years June 30, 2007 and 2008 (2/11/10)
- Department of Health Services Harris-Rodde Settlements – Average Length of Stay and Emergency Department Boarding Time Review For The Quarter Ended March 31, 2009 (2/11/10)

On motion of Louisa Ollague, seconded by Dorinne Jordan and unanimously carried, the Committee continued the following item to its March 18, 2010 Audit Committee Meeting:

- Audit of the LA County Regional Park & Open Space District Year Ended 6/30/09 (2/4/10)

OTHER BUSINESS

Internal Audit Standards and Draft Audit Division Charter (2/11/10) – Jim Schneiderman will provide at a future meeting a power point presentation to outline the Internal Audit Standards utilized.

Fiscal Year 2009-2010 Cash Flow Projection (1/14/10) – John Naimo, Assistant Auditor-Controller, reported that cash flow is stable (\$233 million). An anticipated shortfall can be offset by expenditure savings. The State cash position is slightly better than last year, however, it remains very weak. The State Controller's Office forecasts that on April 2010 the State's funds will be dangerously low, and County payment deferral is unknown. For fiscal year 2010-11 the State may defer a \$1 billion aggregate payment to the 58 Counties for a short period; rolling payment deferrals would occur. The State agreed to advocate on behalf of Los Angeles County for Medi-Cal reimbursements (\$200-250 million) from the Federal Government. Property taxes are slightly better than last year in that banks that have foreclosed properties are paying taxes early to avoid penalties.

CSS Quarterly Monitoring Report – Ms. Sakane distributed the Community and Senior Services Explanation of Questioned Costs and Collected/Resolution Detail Report for Fiscal Year 2007-2009. Progress to date in the percentage of total amount collected/resolved for 2007-08 is 30%; 2008-09 is 32%; and the Summer is 71%.

Ms. Quinn noted that it may take months to collect/resolve findings in that although a contract is suspended the contractor can appeal the issue up to the state level before it can be resolved. In response to Ms. Jordan, Ms. Sakane advised that the County is responsible to repay ARA dollars. However, repayment to the State can take several years in the process, and i.e. if an outstanding debt can not be collected it is submitted to the Treasurer Tax Collector for further collection efforts.

CLOSED SESSION: GOVERNMENT CODE SECTION 54956.9

The Chair recessed the Committee meeting to Closed Session at 11:50 a.m. to discuss the Department of Coroner.

The Chair reconvened the Committee meeting from Closed Session at 12:18 p.m. Chair Ollague advised that no reportable actions were taken in Closed Session.

PUBLIC COMMENT

There was none.

MATTERS NOT ON THE POSTED AGENDA (TO BE PRESENTED AND PLACED ON THE AGENDA OF A FUTURE MEETING)

There was none.

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 12:08 p.m.

Others in Attendance

Andrea Aragon, First Supervisorial District
Maria Oms, Auditor-Controller
Don Chadwick, A-C
Jim Schneiderman, A-C
John Naimo, A-C
Elaine Boyd, A-C
Jackie Guevarra – A-C
Nancy Neville, A-C
DeWitt Roberts, A-C
Martin Zimmerman, Chief Executive Office
Frank Cheng, CEO

Jackie Sakane, Community & Senior Srvs.
Margaret Quinn, CSS
Robert Brief, CSS
Tina Hoang, CSS
Amanda Drukker, County Counsel
Marie Nunez, Internal Services Department
Jorge Badel, Parks and Recreation
Garen Khachian, Board of Supervisors

Staff

Lee Millen, Board of Supervisors
Nyla Jefferson, Board of Supervisors